Manitoba Lotteries Corporation

Mission

Manitoba Lotteries' Mission is to provide a fun and entertaining gaming experience in a socially responsible manner to generate benefits for all Manitobans.

For Further Information Contact:

Manitoba Lotteries Corporation
830 Empress Street
Winnipeg, Manitoba
R3G 3H3

(204) 957-2500
www.mlc.mb.ca

Toll Free 1-800-782-0363

THIRD QUARTER REPORT
(UNAUDITED)

FOR THE NINE MONTHS ENDED
DECEMBER 31, 2010

MANITOBA LOTTERIES CORPORATION
OPERATIONAL HIGHLIGHTS

Manitoba Lotteries Corporation's consolidated net income and comprehensive income for the 9 months ended December 31, 2010 was $255.5 million, an increase of $19.6 million from the same period last year. This change is due to increases of $19.7 million in the Casinos and $7.8 million in Lottery, offset by a decrease of $7.9 million in Video Lotto.

Revenue and other income, net of cost of sales, increased $39.2 million whereas operating expenses only increased $2.8 million over the same period last year. Amortization, interest and GST expenses decreased $9.1 million and allocations and payments increased $25.9 million.

CONSOLIDATED STATEMENT OF OPERATIONS
(in thousands, unaudited)
9 Months Ended December 31st

	2010				2009
	Video Lotto	Casinos	Lottery	Total	Total
Revenue					
Revenue and other income	$249,674	$176,072	$184,085	$609,831	$578,282
Cost of sales	25,336	11,302	121,010	157,648	165,296
	224,338	**164,770**	**63,075**	**452,183**	**412,986**
Expenses					
Operating	18,106	74,766	6,907	99,779	96,943
Amortization	4,518	14,710	-	19,228	26,532
Interest expense – long-term	1,694	4,790	160	6,644	7,804
Goods and services tax	1,666	1,284	30	2,980	3,746
	25,984	**95,550**	**7,097**	**128,631**	**135,025**
Income before Allocations and Payments	**198,354**	**69,220**	**55,978**	**323,552**	**277,961**
Allocations and Payments	**58,605**	**4,534**	**4,926**	**68,065**	**42,122**
Net Income and Comprehensive Income	**$139,749**	**$64,686**	**$51,052**	**$255,487**	**$235,839**

Notes to the Financial Statements

1. These financial statements should be read in conjunction with Manitoba Lotteries' 2009-10 Annual Report.
2. These interim financial statements have been prepared following the same accounting policies as disclosed by Manitoba Lotteries' 2009-10 Annual Report.
3. Comparative operational information has been reclassified to conform to the presentation of the current year financial results.

MANITOBA LOTTERIES CORPORATION
CONSOLIDATED BALANCE SHEET
(in thousands, unaudited)
December 31st

	2010	2009
ASSETS		
Current Assets		
Cash	$ 28,599	$ 24,113
Accounts receivable	13,584	12,698
Prepaid expenses	2,997	2,779
Inventories	2,891	3,143
	48,071	42,733
Property and Equipment, and Other Assets	168,313	157,073
	$ 216,384	$ 199,806
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 30,612	$ 26,482
Payable to the Province of Manitoba	21,737	4,739
Current portion of long term debt	17,219	13,484
	69,568	44,705
Long Term Debt	140,945	149,381
Provision for Employee Pension Benefits	871	720
Retained Earnings	5,000	5,000
	$216,384	$199,806